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TAX Reimagined - Digital Transformation

#TaxTransformation #BeingDigitalTransformBusiness #TaxReimagined

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1.   Introduction to Digital Disruption
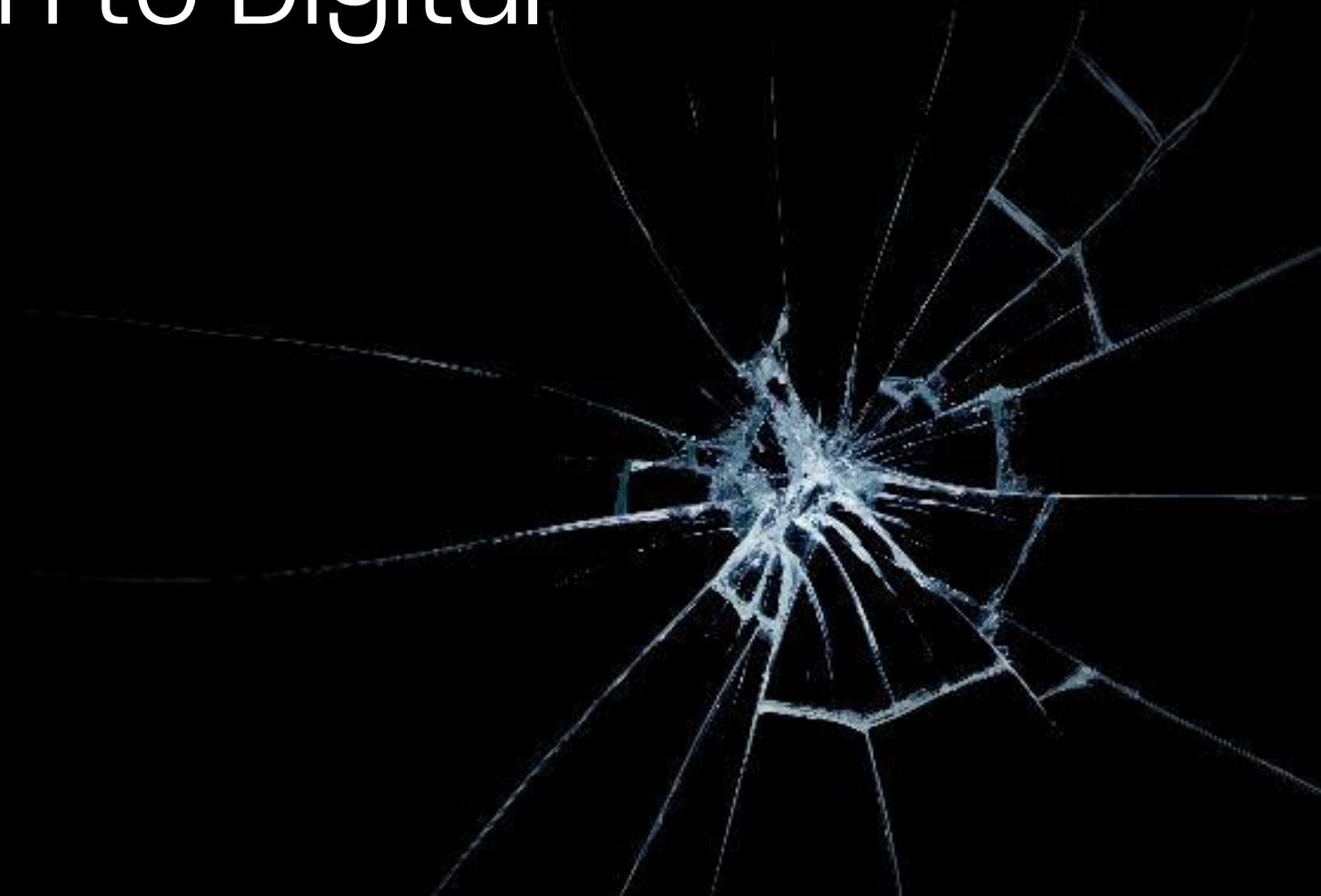
Disruption from above – KPMG CEO Outlook 2018

Transformation

71% are personally ready to lead a radical organizational transformation.

71%

Agility

59% believe that agility is the new business coin.

59%

Disruption

The majority - 95% see technological disruption more as an opportunity than a threat.

95%

User Experience

Only 23% believe they are exceeding customer expectations. They are adopting the potentialities of Artificial Intelligence and IoT (Internet of Things) to "reshape" their business.

23%

Sector Disruption

Majority - 54% are actively causing disruption in the industry they operate, rather than waiting to be "disrupted" by Competitors.

54%

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Growing pains
2018 Global CEO Outlook

Source: Global CEO Outlook 2018 -
https://home.kpmg.com/br/pt/home/insights/2018/05/global-ceo-outlook-2018.html

Have you imagine this kind of news ?

Tax Executi
THE PROFESSIONAL JOURNAL OF TAX EXECUTIVES

TPA Global | 15 Years

Q Zoeken

HOME | FEATURES | DEPARTMENTS

Your Tax Data Is Ripe for A

Tax Authorities Are Powering Processes With
Artificial Intelligence (AI)

QUARTZ

LATEST | POPULAR | OBSESSIONS

DROID DUTIES

The robot that takes your job should pay taxes, says Bill Gates
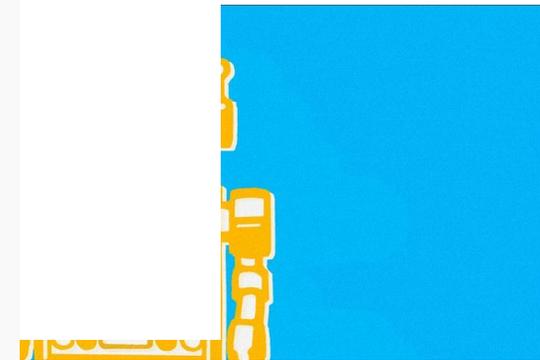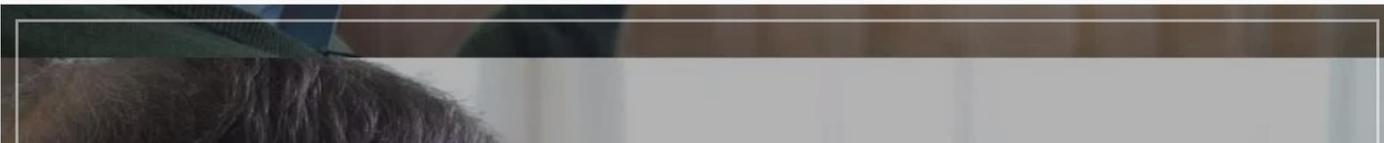
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2. Tax Technology Worldwide

Technology usage for Tax Authorities around the world

Canada
Data analytics to identify taxpayers who may be unlikely to file accessory obligations

Spain
Sending NFs to the tax authorities prior to issue to clients

Finland, Ireland, Singapore, Sweden, Norway, Australia
Data analytics to predict tax defaults

China
Data analytics to assess the economic impact of tax reform (VAT)

Brazil
Sending NFs to the tax authorities prior to issue to clients, and Eletronic reporting.

Australia
Real-time sending of primary data in substitution for completing and delivering ancillary obligations.

3. The 4th Industrial Revolution

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The Industrial Revolutions

1th

1760 to 1840

The steam engines era comes in England and drastically changes the world.
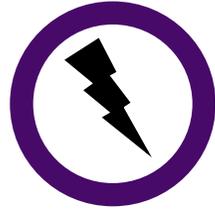
2th

1850 to 1945

The electricity era comes with innovations of extreme relevance around the world.
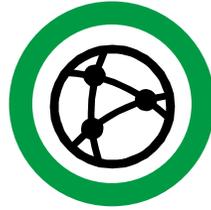
3th

1950 to 2000

The communication era begins with telephone and the internet emerging, globalization begins
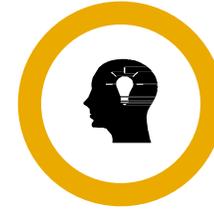
4th

Actual Days

The "industry 4.0" term emerges in Germany in 2011 to label automated factories that enhance the manufacturing process through high technology.

Linear Evolution vs Exponential

Growth:
Linear vs. Exponential — Linear Plot

Technology Capability vs Time

- Exponential Trend
- Linear Trend

Knee of Curve →
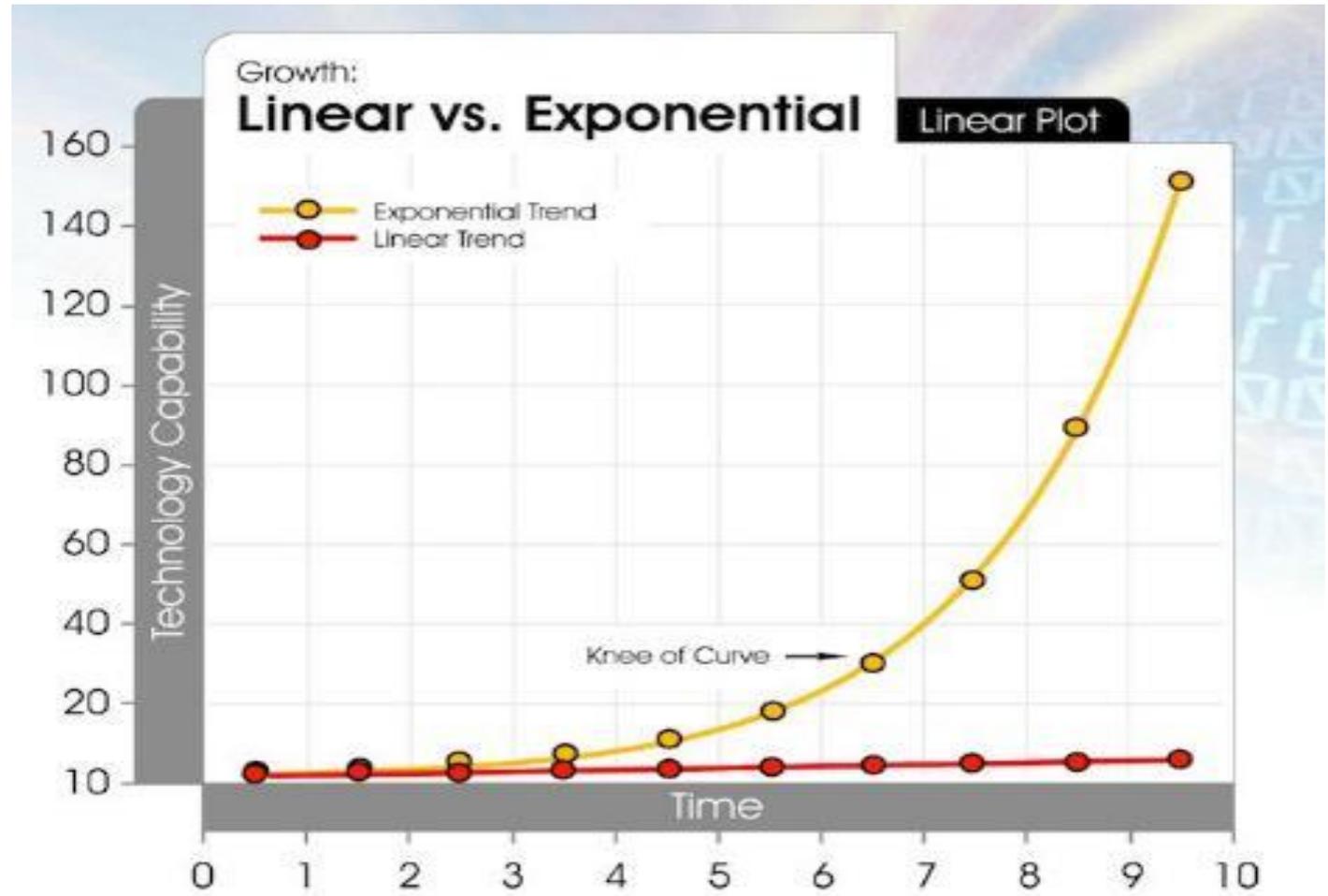
dis·rup·tion

/disˈrəpSH(ə)n/

noun

disturbance or problems which interrupt an event, activity, or process.
"the schedule was planned to minimize disruption"
sinônimos: disturbance, disordering, disarrangement, disarranging, interference, upset, upsetting, unsettling, confusion, confusing; Mais
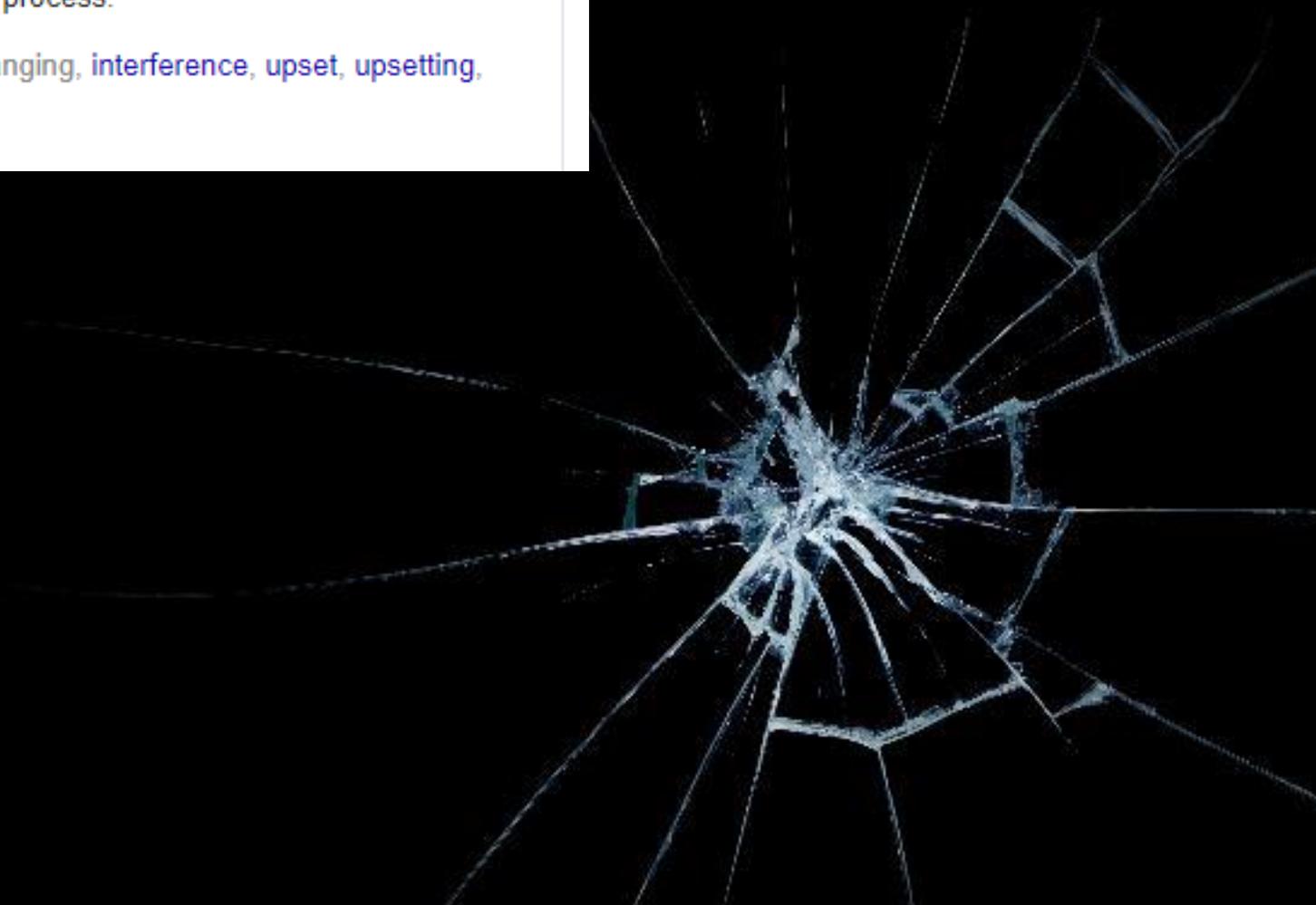
4. Technological Megatrends

Hype Cycle - Gartner

Source Gartner:
https://www.gartner.com/smarterwithgartner/5-trends-emerge-in-gartner-hype-cycle-for-emerging-technologies-2018/
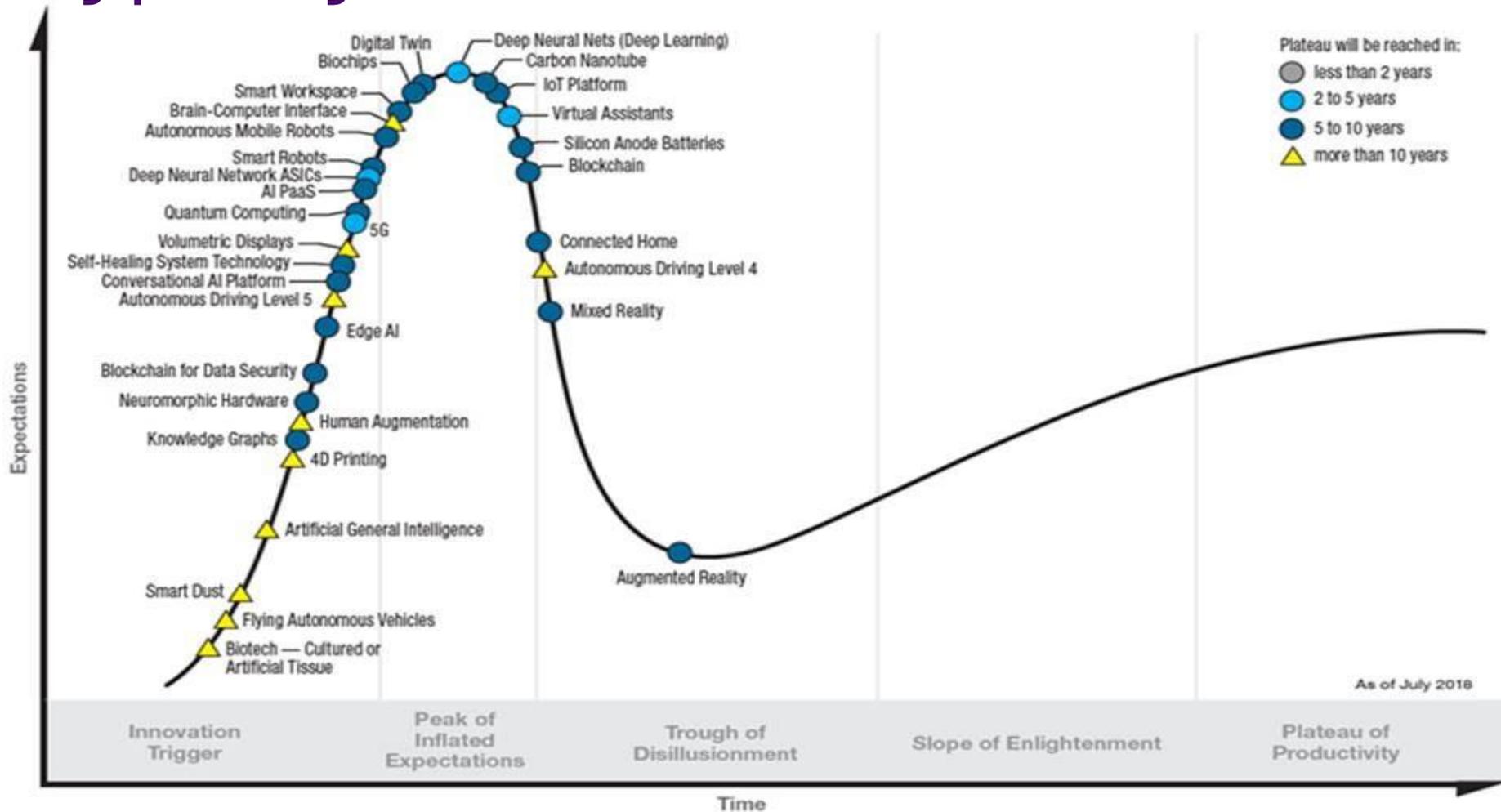
Big Data
Data Explosion

What happens in 1 minute

Created by Go-Globe

44,000,000 MESSAGES PROCESSED
486,000 PHOTOS
MORE THAN 21,000,000 MESSAGES SENT
MORE THAN 195,000 MINUTES OF AUDIO CHATTING ON WECHAT
70,000 VIDEO MESSAGES SHARED
MORE THAN 69,500 HOURS OF VIDEO WATCHED ON NETFLIX
NETFLIX
MORE THAN 48,000 APPS DOWNLOADED ON IPHONE
MORE THAN 95,000 APPS DOWNLOADED ON ANDROID
AROUND 56,000 PHOTOS UPLOADED
9,800 ARTICLES PINNED ON PINTEREST

26 NEW REVIEWS POSTED ON YELP
120 NEW ACCOUNTS OPENED ON LINKEDIN
MORE THAN 140 SUBMISSIONS ON REDDIT
MORE THAN 2,315,000 SEARCHES

IN 60 SECONDS
GO-Globe
CUSTOM WEB DEVELOPMENT

MORE THAN 280,000 SNAPS SENT ON SNAPCHAT
MORE THAN 100 NEW DOMAINS REGISTERED

MORE THAN 3,000,000 ITEMS ARE SHARED
3,125,000
243,055
MORE THAN 18,000 MATCHES MADE
972,000 DAILY SWIPES ON TINDER
MORE THAN 150,000,000 E-MAILS ARE SENT
MORE THAN 430,000 TWEETS SENT

MORE THAN 39,300 HOURS OF MUSIC LISTENED
14 NEW SONGS ADDED ON SPOTIFY
You Tube
MORE THAN 2,700,000 VIDEO VIEWS AND 139,000 HOURS OF VIDEO WATCHED
MORE THAN 300 HOURS OF VIDEO ARE UPLOADED

Did you know ?

90% of the world's data has been created in the last two years.

It is expected that this volume of data **double itself** on each year, at least in the next 5 years..

More data was created in 2018 than the previous 5,000 years of humanity
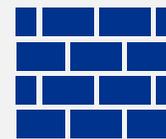
80% of global data are not structured data.

Brazilian – Tax Big Data - Complexity

Tax Rules Changes

363,779

changes in 28 years = 31 rules per day

+90 Tax Reporting obligation

Cost to Comply

Brazil: 1.958 hours/year

Average for other countries: 160,7 hours/year (OCDE)

+60 Taxes in Brazil

Tax Courts

255K ADM process with pending decision.

+R$150 Billion in discussion

+900 days to get the administrative decision

NF-e

ECD

SPED Fiscal (EFD ICMS/IPI e PIS/COFINS)

e-Social

SPED

ECF

EFD Reinf

"Bloco K"

Outras

Source IBPT: https://ibpt.com.br/img/uploads/novelty/estudo/2601/QuantidadeDeNormas201628AnosCF.pdf
Source World Bank: https://g1.globo.com/economia/noticia/empresas-gastam-1958-horas-e-r-60-bilhoes-por-ano-para-vencer-burocracia-tributaria-apontam-pesquisas.ghtml

Data & Analytics

Insights and Analysis

As traditional historical analysis becomes fully automated, analytic capabilities shift from "descriptive" to "prescriptive.".

Descriptive
Description

Diagnosis
Diagnosis

Predictive
Prediction

Prescriptive
Prescription

Data Integration

Analysis Capabilities

Cultural Changes

Business Intelligence

Data Science

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Digital
Labor

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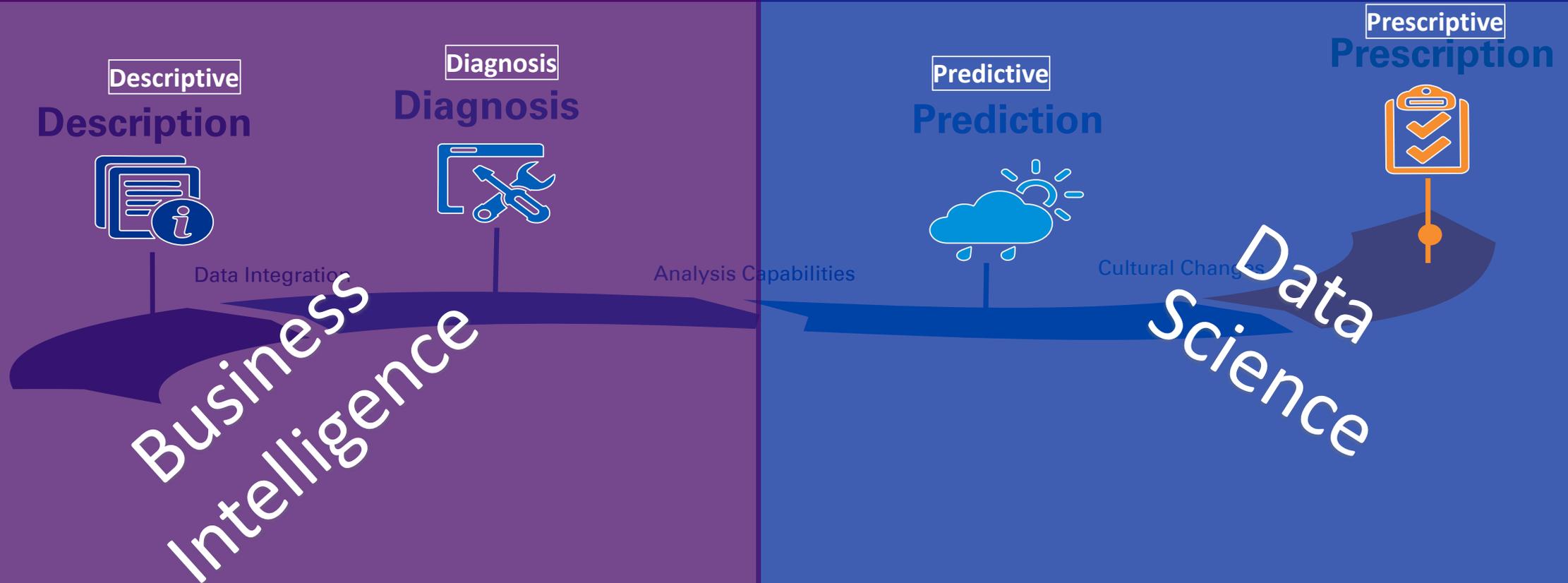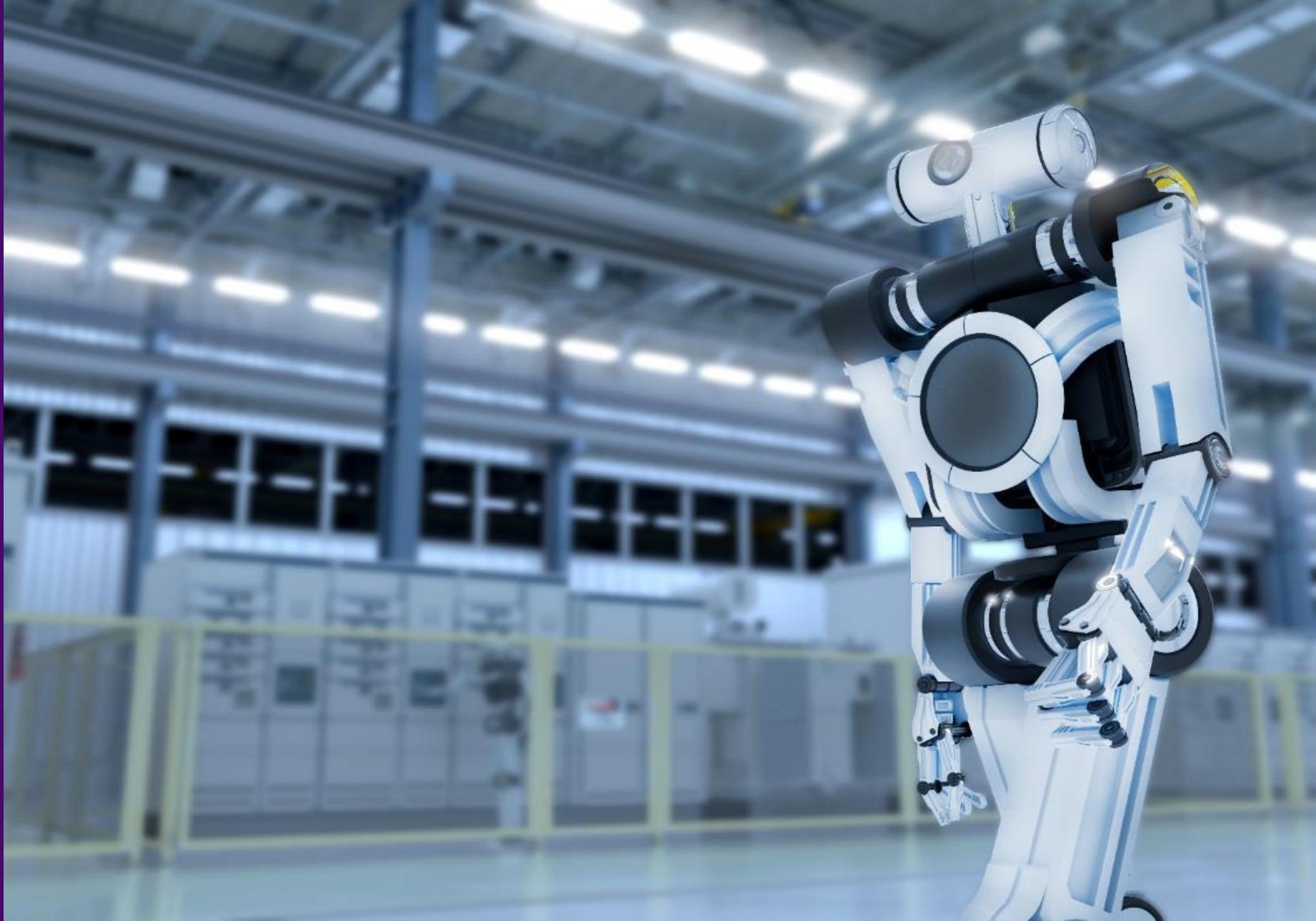
Digital Labor - Classes

RPA is the digitisation of labour enabled by advancements in machine intelligence, digital, analytics, big data, social, mobile, and cloud to replace business process functions. In addition, they are exploring possibilities offered by cognitive technology to deploy new operations models

CLASS 1:
Basic Process Automation

Basic process automation implemented without IT involvement. Solutions are easily designed, quickly tested and implemented with a relatively low investment or expenditure.

01

Rules Engine + Screen Scraping + Work Flow +

1-3 months

— Macro-based applets
— Screen scraping data collection
— Workflow
— Visio-type building blocks
— Process mapping
— Business process management

CLASS 2:
Enhanced Process Automation

Incorporate more advanced technologies enabling use of structured and unstructured data to support elements of self learning.

02

Processing of Unstructured Data and Base Knowledge

+

2-6 months

— Trained knowledge repository
— Machine Learning capabilities
— Ability to work with unstructured data
— Pattern recognition
— Reading source data manuals

CLASS 3:
Cognitive Automation

Decision support and advanced algorithms to allow automation of processes that are more cognitive in nature. Solutions incorporate advanced self learning capabilities.

03

Adaptive Alteration

Natural Language Processing

Large-scale Processing

"Big Data" Analytics

Machine Learning

Artificial Intelligence

6-12 months

— Artificial intelligence
— Natural language recognition and processing
— Self-optimization/self-learning
— Digestion of super data sets
— Predictive analytics/hypothesis generation
— Evidence-based learning

5. Tax Area from the ~~future~~ present

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The New Tax Function

The function will demand **multiple skills** and knowledge **not necessarily technical**

Increased use of **artificial intelligence**, automation and compliance

High level of **transparency** and high public involvement

Increased Tax participation in **commercial decisions**

Data analytics will provide crucial information for the company's strategy.

Tax Team Profile

20% → **70%** → **10%**

- Technical tax knowledge.

- Analysts:
  - Lean Sigma process or similar.
  - Writing business and functional requirements.
  - Core point solution configuration.
  - Basic/intermediate database skills (data mapping, writing new reports off existing data, etc.).
  - Requirements management.

- Business solution experts:
  - Understand and articulate *what is possible* and how to help our clients adopt new technology and innovations to improve their business.

- Data:
  - Data acquisition and data management.

- Advanced client facing technologies and digitization:
  - Tax software configuration.
  - Enterprise Skills (SAP, Oracle, Hyperion, etc.).
  - Implementation of robotics/automation and artificial intelligence solutions.
- Developers/coders.
- Systems integration experts.

A new Structure

C-Suite	VPs/senior directors	Experts
Chief financial officer	Head of tax technology	Systems integrators
Chief tax officer	Chief tax strategy and business process	Tax attorneys
	Chief data officer	Process experts
	Head of government relations	Data scientists
		Communications specialists
		PR experts
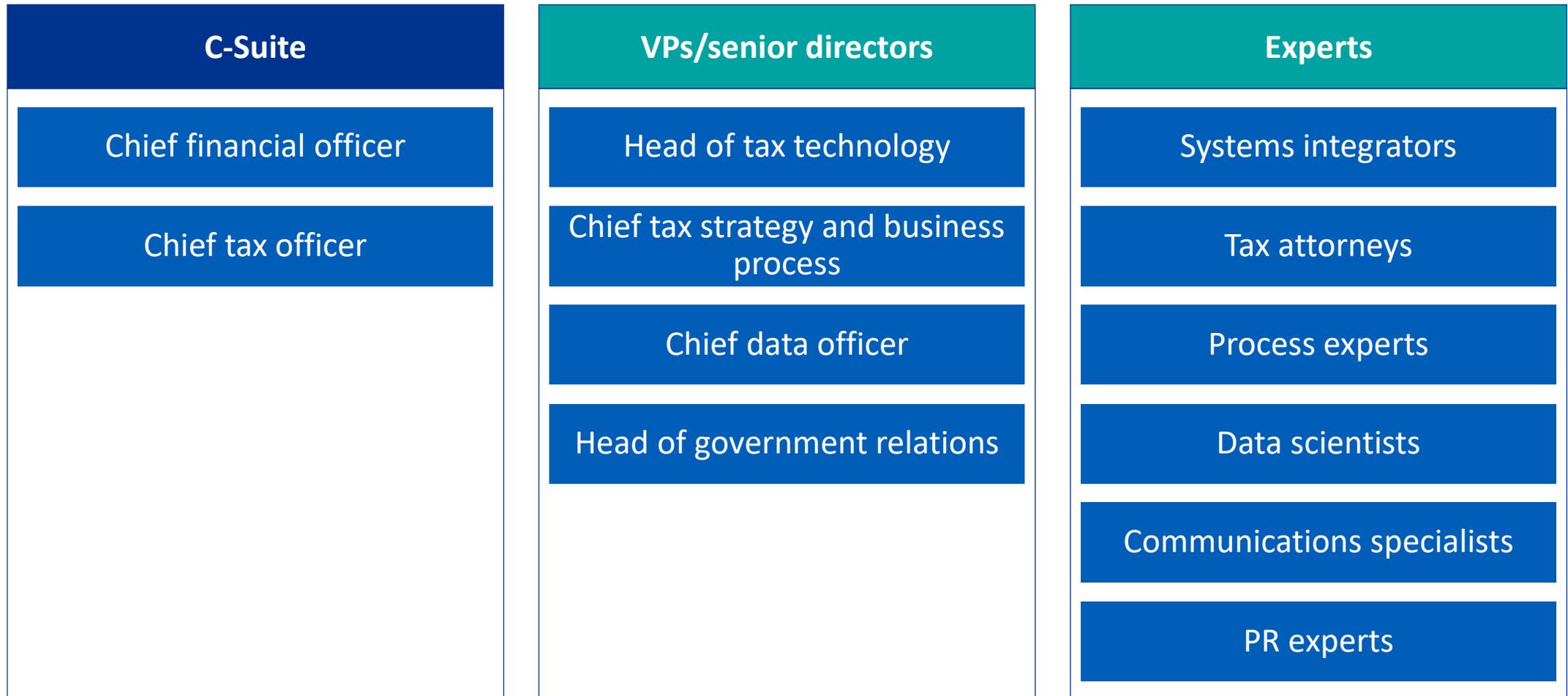
The Disruption is comming here !

"Netflix yourself before you get Blockbustered"

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Thanks!

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